

Hearing Date: February 7, 2008
Hearing Time: 10:00 a.m. (Prevailing Eastern Time)

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	Chapter 11
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DELPHI CORPORATION, <u>et al.</u> ,	:	Case No. 05-44481 (RDD)
	:	
Debtors.	:	(Jointly Administered)
	:	
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DEBTORS' STATEMENT OF DISPUTED ISSUES WITH RESPECT TO
PROOF OF CLAIM NO. 11129 (CROWN ENTERPRISES, INC.)

("STATEMENT OF DISPUTED ISSUES – CROWN ENTERPRISES, INC.")

Delphi Corporation and certain of its subsidiaries and affiliates, including Delphi Automotive Systems LLC ("DAS LLC"), debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), hereby submit this Statement Of Disputed Issues (the "Statement Of Disputed Issues") With Respect To Proof Of Claim Number 11129 filed by Crown Enterprises, Inc. ("Crown Enterprises") and respectfully represent as follows:

Background

1. On October 8 and 14, 2005 (the "Petition Date"), the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as then amended, in the United States Bankruptcy Court for the Southern District of New York.

2. On July 26, 2006, Crown Enterprises filed proof of claim number 11129 (the "Proof of Claim") against DAS LLC. The Proof of Claim asserts an unsecured non-priority claim in the amount of \$269,135.33 for prepetition lease payments and damages (the "Claim").

3. On April 27, 2007, the Debtors objected to the Proof of Claim pursuant to the Debtors' Thirteenth Omnibus Objection (Substantive) Pursuant To 11 U.S.C. Section 502(b) And Fed. R. Bankr. P. 3007 To Certain (A) Insufficiently Documented Claims, (B) Claims Not Reflected On Debtors' Books And Records, (C) Protective Insurance Claims, (D) Insurance Claims Not Reflected On Debtors' Books And Records, (E) Untimely Claims And Untimely Tax Claims, And (F) Claims Subject To Modification, Tax Claims Subject To Modification, And Claims Subject To Modification And Reclamation Agreement (Docket No. 7825) (the "Thirteenth Omnibus Claims Objection").

4. On May 23, 2007, Crown Enterprises filed its Response To Debtors' Thirteenth Omnibus Objection (Substantive) Pursuant To 11 U.S.C. Section 502(b) And Fed. R.

Bankr. P. 3007 To Proof Of Claim No. 11129 Filed By Crown Enterprises, Inc. (Docket No. 8011) (the "Response").

Disputed Issues

A. DAS LLC Does Not Owe Crown Enterprises The Amount Asserted In The Proof Of Claim

5. Crown Enterprises asserts in the Proof of Claim that DAS LLC owes Crown Enterprises a total of \$269,135.33 for unpaid damages and taxes incurred on a prepetition lease dated November 1, 1979 and subsequently amended on July 19, 1988 for real property located in Buena Vista Township, Michigan (the "Lease") pursuant to which Crown Enterprises is the landlord. DAS LLC has reviewed the information attached to the Proof of Claim and the Response and disputes that it owes the amount asserted in the Proof of Claim.

6. Alleged Damages in Leased Premises Were Repaired Prior To Petition Date. A portion of the Proof of Claim is based on damages allegedly occurring with respect to property that is subject of the Lease prior to the Petition Date. The Debtors contend that all repairs were completed to Crown Enterprise's satisfaction when the Lease was terminated in June 2006. Therefore \$185,000.00 should be subtracted from the amount claimed.

7. Certain Tax Obligations Have Been Paid. Based upon DAS LLC's review of the Lease, the tax liabilities reflected in the Proof of Claim have been paid. According to the tax provisions in the Lease, the 24th Tax Escalation lease covenant (the "Tax Covenant"), DAS LLC is required to reimburse the landlord for its proportionate share of annual real estate taxes that are greater than the tax levied and paid in the base year, which was defined in the Lease as 1979, the year the Lease was initially executed. The Tax Covenant was subsequently amended in 1988 to change the base year to 1986 (the "Base Year"). DAS LLC contends that the taxes assessed on the leased facility in 2005 were lower than the taxes assessed in the Base Year.

Accordingly, DAS LLC is not liable for taxes for 2005 and \$82,771.68 should be subtracted from the amount claimed.

8. Proof of Claim Overstates Amounts Owed For Utilities. DAS LLC has reviewed the utility bills (the "Utility Bills") detailed in the Proof of Claim and asserts that the Utility Bills are invalid. More specifically, DAS LLC asserts that the Utility Bills relate to areas of the facility which were not in use by the Debtors. Therefore, \$1,363.65 should be subtracted from the amount of the Proof of Claim.

9. After taking into account the above-referenced deductions to the Proof of Claim, the Debtors reconciled the Proof of Claim as illustrated in the following chart:

<u>Claimant's Asserted Amount</u>		\$269,135.33
<u>Modifications</u>	Prepetition Damages	(\$185,000.00)
	Tax Liabilities	(\$82,771.68)
	Utilities	(\$1,363.65)
<u>Reconciled Amount</u>		\$0.00

10. DAS LLC does not dispute owing utilities on the Proof of Claim and requests that the Claim be reduced to a general unsecured non-priority claim against DAS LLC in an amount that is based on valid utility bills. When Crown Enterprises provides the Debtors with valid utility bills, DAS LLC will either reconcile such utility bills with their records and determine the amount owed or consider negotiating with Crown Enterprises to establish a cap on this portion of the Proof of Claim consistent with DAS LLC's normal usage of the utilities associated with the Utility Bills.

Reservation Of Rights

11. This Statement Of Disputed Issues is submitted by the Debtors pursuant to paragraph 9(d) of the Order Pursuant To 11 U.S.C. § 502(b) And Fed. R. Bankr. P. 2002(m), 3007, 7016, 7026, 9006, 9007, And 9014 Establishing (i) Dates For Hearings Regarding Objections To Claims And (ii) Certain Notices And Procedures Governing Objections To Claims (Docket No. 6089) (the "Claims Objection Procedures Order"). Consistent with the provisions of the Claims Objection Procedures Order, the Debtors' submission of this Statement Of Disputed Issues is without prejudice to (a) the Debtors' right to later identify and assert additional legal and factual bases for disallowance, expungement, reduction, or reclassification of the Claim and (b) the Debtors' right to later identify additional documentation supporting the disallowance, expungement, reduction, or reclassification of the Claim.

WHEREFORE the Debtors respectfully request that this Court enter an order (a) reducing the Proof of Claim to a general unsecured non-priority claim against DAS LLC in an amount not to exceed the amount of valid utility bills and (b) granting the Debtors such other and further relief as is just.

Dated: New York, New York
December 12, 2007

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